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Business
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Province Expresses Disappointment Over Latest Marine Atlantic Cost Increase

The Provincial Government today responded to the latest announcement of yet another major increase in the fuel surcharge being imposed by Transport Canada on the Marine Atlantic ferry service – an essential link between the island portion of this province and the rest of Canada.

The Honourable Dianne Whalen, Minister of Transportation and Works, said the ongoing increased costs expected to be absorbed by Marine Atlantic passengers are simply intolerable.

"This latest fuel surcharge is outrageous and is an affront to the expectations the people of this province have of the Trans Gulf ferry service as laid out in the Terms of Union," said Minister Whalen. "We have continuously brought to the attention of the Federal Government our concerns about the ferry service, and in particular over the past year on the cost of the fuel surcharges being levelled against Newfoundlanders and Labradorians who use this vital link with the rest of Canada. Yet, we continue to see little action by the Federal Government to address our concerns. Of significant concern is the fact we have witnessed no action on the part of our federal MPs who should be intervening on behalf of the people of this province. We can't help but ask – how can they allow this to happen?"

The new fuel surcharge for Marine Atlantic will be set at 27.7 per cent as of July 1, 2008, and is applied to the base rates. Currently, the surcharge is set at 9.9 per cent. In February 2007, Marine Atlantic rates for passengers, passenger vehicles and commercial vehicles increased by approximately two per cent, based on the Consumer Price Index. On April 1, 2007, Marine Atlantic also announced it was imposing a two per cent fuel charge on passengers and vehicles, effective July 1, 2007. This rate has increased every quarter since October 2007.

Minister Whalen said the continual and significant cost increases are an unreasonable burden to Newfoundlanders and Labradorians.

"The people of Newfoundland and Labrador are reliant on this service that connects us to the rest of the country but the Federal Government seems intent on pricing travel by sea, to and from our province, out of reach for just about all of us," said Minister Whalen. "The Government of Newfoundland and Labrador faces the same fuel price pressure on our intra-provincial ferry service as Marine Atlantic but has chosen not to impose surcharges, but has in fact substantially reduced rates in the past two years."

As a result of this latest surcharge, Marine Atlantic rates for the Port aux Basques service (one way) will rise by $7.56 for adult passengers and by $21.46 for vehicles compared to rates for July 2007. Rates on the Argentia service (one way) will increase by $21.20 for adult passengers and by $44.07 for vehicles, compared to July 2007. Buses will have to pay an additional $56.49 on the Port aux Basques service (one way) and $115.56 on the Argentia service (one way), compared to July 2007.

Minister Whalen said the ongoing increased costs also hamper the province's efforts to partake in the concept of an Atlantic Gateway.

"Unfortunately, the Marine Atlantic connection between Newfoundland and Labrador and Nova Scotia is weakened by the rising cost to travel on these ferries," said Minister Whalen. "If the Atlantic Gateway is to be advanced, the connection between mainland Canada and our province needs to be strengthened. Not only does it play a key role in delivery of products to the market, it also plays a central role in accommodating the transportation of people. The Marine Atlantic service needs to be cost-efficient in order to make our province an attractive place to do business and competitive with

the other Atlantic provinces who don't rely on ferry travel."

Minister Whalen also questioned the methodology Marine Atlantic is using to calculate these fuel surcharges.

The Honourable Clyde Jackman, Minister of Tourism, Culture and Recreation, said this latest increase underscores the need for the federally-operated Marine Atlantic ferry service to be considered an extension to the transportation networks which link all of our provinces and territories, from coast to coast.

"Our tourism industry relies, in large part, on our ability to attract visitors from our key markets in Atlantic Canada, Ontario, and the eastern United States," Minister Jackman said. "While we are encouraged by early indicators which show more visitors are arriving by air in 2008, the Marine Atlantic ferry service remains a crucial means by which more than 25 per cent of tourists arrive in this province. It is high time the Federal Government provide the resources necessary to operate this essential service and stop downloading exorbitant increases onto the travelling public."

The Honourable Paul Oram, Minister of Business, said the timing of the announcement is particularly troubling.

"There has never been a more opportune time to do business in Newfoundland and Labrador; however, rising transportation costs to and from the island are a deterrent and prevent us from reaching our full potential," said Minister Oram. "As a province, we continue to enhance and promote our business and investment environment and take advantage of our growing economic opportunities, but decisions to increase fuel surcharges for this federally-run service are certainly not helping any."

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